

**OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C.
20508**

USTR PRESS RELEASES ARE AVAILABLE ON THE USTR WEBSITE AT WWW.USTR.GOV.

**FOR IMMEDIATE RELEASE:
JANUARY 31, 2003**

CONTACT:

2003-07

**RICHARD MILLS/RICARDO REYES
(202) 395-3230**

Administration Submits 2002 Subsidies Enforcement Report to Congress

WASHINGTON - The Office of the United States Trade Representative and the Department of Commerce today submitted to Congress the 2002 Subsidies Enforcement Report. The Report details efforts by USTR and the Department of Commerce to monitor and enforce compliance against the unfair use of foreign government subsidies across a range of industries including semiconductors, paper, fertilizer, cattle, and textiles.

“Strengthening and enforcing existing international rules against unfair subsidies is a key part of our efforts to ensure fair treatment for Americans. This report documents our work in standing up for American families, farmers and workers across a broad spectrum of foreign subsidy issues,” said U.S. Trade Representative Robert B. Zoellick. “Foreign subsidies are the most pernicious form of government intervention, disrupting the efficient market allocation of resources and distorting international trade patterns.”

The report discusses the progress of World Trade Organization (WTO) subsidy negotiations, ongoing international steel subsidy talks, the review of China’s subsidy commitments, and, generally, subsidies enforcement efforts undertaken by USTR and the Department of Commerce in the past year.

It describes the steps that the United States has taken at the Organization of Economic Cooperation and Development (OECD) to resolve the long-term structural problems in the global steel industry. The unprecedented series of OECD discussions among the world’s major steel-producing countries culminated in a landmark decision to begin work on an agreement that would prohibit trade-distorting subsidies in steel. The United States will push for the strongest possible disciplines on government intervention in the steel sector.

The Report also details the important subsidies-enforcement implications of China’s first year as a member of the WTO as well as the inaugural year of the Transitional Review Mechanism (TRM) instituted in connection with China’s accession. The TRM will continue to annually assess the extent and quality of China’s compliance with its WTO obligations, culminating in a final review in the tenth year of China’s WTO membership. In this first critical year of China’s accession to the WTO, the United States has closely monitored and analyzed China’s subsidy programs and economic policies, and has extended technical training opportunities to assist the

Chinese in meeting their WTO commitments. The United States will continue to devote time and resources to this effort throughout the coming year.

The Report explains how USTR and the Commerce Department respond to inquiries from U.S. industries concerned with the subsidization of foreign competitors. In the past year, USTR and the Commerce Department have continued to monitor and strictly enforce the obligations of member countries under the WTO Subsidies Agreement. The United States pursues enforcement through its participation in the WTO's Subsidies Committee, bilateral contacts, multilateral pressure and, where justified, WTO dispute settlement proceedings. The basic goal of these activities is to deter distorting subsidies and prevent or remedy harm caused to U.S. producers and workers. By working actively to address some of the most important causes of unfair trade distortions, the subsidies enforcement program is helping to strengthen the open, competitive trading environment that benefits both American producers and consumers.

Last year, the U.S. Government pursued U.S. industry concerns about subsidies in areas including semiconductors, paper, fertilizer, cattle, and textiles. Particularly noteworthy in the textile sector is the recent U.S. request to the WTO Subsidies Committee to examine whether India's subsidized textile and apparel exports have reached globally competitive trade volumes.

Background:

The Uruguay Round Agreements Act (URAA) of 1994 established specific subsidy enforcement roles for USTR and Commerce to exercise U.S. multilateral rights and address and remedy subsidies that harm U.S. producers. Among the joint responsibilities assigned to USTR and Commerce, as set forth in section 281(f)(4) of the URAA, is the submission of an annual report to the Congress describing the Administration's monitoring and enforcement activities throughout the previous year. The report submitted today is the eighth annual report to be transmitted to the Congress pursuant to this provision.

The 2002 Subsidies Enforcement Report submitted by the Administration will be available at www.ustr.gov and www.ita.doc.gov.

#